

February 1, 2024

The Honorable Rick Billinger, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S

and

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N

Dear Senator Billinger and Representative Waymaster:

The items contained in this memo, Governor's Budget Amendment No. 1, amend the budget that I submitted to you in January. The items reflect current issues that have arisen or changes that can be made based on current information. Total adjustments to expenditures are shown below.

Expenditures	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ 497,658,662	\$ (486,490,362)
All Other Funds	<u>--</u>	<u>16,151,864</u>
All Funds	\$ 497,658,662	\$ (470,338,498)

Department of Administration

1. Bond Series 2016H-1 Payoff

I amend my budget to move \$20.0 million from the State General Fund in the Department of Administration budget from FY 2025 to FY 2024 to call the 2016H-1 Bond Series. Projected State General Fund ending balances have provided the opportunity to call the 2016H-1 Bond Series, which are a refunding of bonds issued in 2007 and 2008 for multiple capital improvement projects. Moving the funding from FY 2025 to FY 2024 will afford the state the opportunity to take advantage of favorable market conditions and extinguish this debt three years early.

Expenditure	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ 19,985,062	\$ (19,985,062)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 19,985,062	\$ (19,985,062)

2. Bond Series 2020S Payoff

I amend my budget to move \$4.7 million from the State General Fund in the Department of Administration budget from FY 2025 to FY 2024 to defease the 2020S Bond Series. Projected State General Fund ending balances have provided the opportunity to defease the 2020S Bond Series, which are a refunding of the National Bio and Agro-Defense Facility and Statehouse renovations projects. Moving the funding from FY 2025 to FY 2024 will afford the state the opportunity to take advantage of favorable market conditions and extinguish this debt seven years early.

Expenditure	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ 4,673,600	\$ (4,673,600)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 4,673,600	\$ (4,673,600)

3. Bond Series 2020K Payoff

I amend my budget to move \$23.0 million from the State General Fund in the Department of Administration budget from FY 2025 to FY 2024 to make a tender offer to extinguish the 2020K Bond Series. Projected State General Fund ending balances have provided the opportunity to extinguish the 2020K Bond Series, which are a refunding of bonds for the Curtis and Myriad buildings. Moving the funding from FY 2025 to FY 2024 will afford the state the opportunity to take advantage of favorable market conditions and extinguish this debt five years early.

Expenditure	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ 23,000,000	\$ (23,000,000)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 23,000,000	\$ (23,000,000)

4. **KPERS Bonds Debt Reduction**

I amend my budget to move \$450.0 million from the State General Fund in the Department of Administration budget from FY 2025 to FY 2024 to retire debt across the 2021K and 2015H Bond Series in the most appropriate manner. These bond series were issued to improve the unfunded actuarial liability of the Kansas Public Employees Retirement System. The 2021K bond issuance totaled \$504.5 million and will mature in FY 2051 and the 2015H bond series totaled \$1.0 billion and will mature in FY 2045. Projected State General Fund ending balances have provided the opportunity to retire up to \$450.0 million of debt across these bond series. Moving the funding from FY 2025 to FY 2024 will afford the state the opportunity to take advantage of favorable market conditions.

Expenditure	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ 450,000,000	\$ (450,000,000)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 450,000,000	\$ (450,000,000)

Kansas Department for Aging and Disability Services

5. **Intellectual/Developmental Disability (I/DD) and Physical Disability (PD) Waiver Slots**

I amend my FY 2025 budget to include \$8,880,480 from the State General Fund and \$23,018,350 from all funding sources to increase enrollment slots for the Physical Disability (PD) and Intellectual/Developmental Disability (I/DD) waivers by 250 individuals each. Kansas has not had an increase in PD and I/DD waiver slots for several years. This investment will provide additional capacity for Kansans to receive critical services through these waivers, helping to reduce the waitlist as the state works to implement long-term solutions for the populations served by this waiver such as Medicaid Expansion and the Community Supports Waiver.

Expenditures	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ --	\$ 8,880,480
All Other Funds	<u> --</u>	<u>14,137,870</u>
All Funds	\$ --	\$ 23,018,350

Department for Children and Families

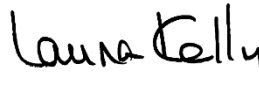
6. **Acquire a New Family Finding System**

I amend my FY 2025 budget to include funding for a new Family Finding System at the Department for Children and Families (DCF). Children in foster care who are placed with a relative or kin experience greater placement stability, fewer behavior and developmental problems, and less trauma than children placed in non-relative homes. For these reasons, current practice to prioritize placements with relatives and non-related kin. With this funding DCF will issue a

Request for Proposal to identify an information technology system that will allow staff to easily track family finding data to identify, contact and engage a child's relatives and kin to build connections and identify potential placements. The selected system will be required to complement or integrate with DCF's Comprehensive Child Welfare Information System (CCWIS) project and with all child welfare partner systems.

Expenditures	<u>FY 2024</u>	<u>FY 2025</u>
State General Fund	\$ --	\$ 1,168,300
All Other Funds	<u>--</u>	<u>321,700</u>
All Funds	\$ --	\$ 1,400,000

Sincerely,



Laura Kelly
Governor